

TENNESSEE VOICES FOR CHILDREN, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION

AND
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2023 AND 2022

TENNESSEE VOICES FOR CHILDREN, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION

AND
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2023 AND 2022

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TENNESSEE VOICES FOR CHILDREN, INC.

LIST OF BOARD OF DIRECTORS

JUNE 30, 2023

BOARD OF DIRECTORS

President: Jonathan Joyce
President-Elect: Nick Deitmen
Immediate Past President: Brian Shulman
Treasurer: Bill Kirby
Secretary: Valentina Alexander
Devin Arnold
Andrew Buckwalter
Laura Fair
Sara Kmita
Devika Kumar
Alexandra Marple
Morenike Murphy
Chad Poff
Allie Haynes
Logan Garrett

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tennessee Voices for Children, Inc.
Nashville, Tennessee

REPORT ON THE AUDITS OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of Tennessee Voices for Children, Inc. ("TNV") which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tennessee Voices for Children, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TNV and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TNV's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TNV's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TNV's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

REPORT ON SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards and related notes on pages 26 and 28 and schedule of expenditures of state awards and related notes on pages 27-28, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of Tennessee Audit Manual, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information on pages 25-27 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion the schedule of expenditures of federal awards and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the financial statements. The other information comprises the Listing of Board of Directors on page i but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 on our consideration of Tennessee Voices for Children, Inc.'s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TNV's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TNV's internal control over financial reporting and compliance.

Kraft CPAs PLLC

Nashville, Tennessee
December 21, 2023

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash	\$ 740,254	\$ 326,117
Investments	586,870	1,939,941
Grants receivable	3,419,131	1,883,850
Contributions receivable, net	468,919	505,714
Other contracts receivable	312,613	275,970
Prepaid expenses and other	75,146	64,049
Right-of-use assets - finance leases, net of accumulated amortization	116,382	-
Property, building and equipment, net	<u>5,776,995</u>	<u>4,133,069</u>
TOTAL ASSETS	<u>\$ 11,496,310</u>	<u>\$ 9,128,710</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 986,366	\$ 309,786
Accrued expenses	303,494	138,253
Finance lease liabilities	97,271	-
Notes payable	<u>1,570,609</u>	<u>1,146,914</u>
TOTAL LIABILITIES	<u>2,957,740</u>	<u>1,594,953</u>
NET ASSETS		
Without donor restrictions	5,568,217	7,011,326
With donor restrictions	<u>2,970,353</u>	<u>522,431</u>
TOTAL NET ASSETS	<u>8,538,570</u>	<u>7,533,757</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,496,310</u>	<u>\$ 9,128,710</u>

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restriction	With Donor Restriction	Totals	Without Donor Restriction	With Donor Restriction	Totals
SUPPORT AND REVENUE						
Grants	\$ 9,169,175	\$ 2,560,780	\$ 11,729,955	\$ 8,682,286	\$ -	\$ 8,682,286
Housing services	2,121,785	-	2,121,785	1,986,767	-	1,986,767
Other contracts	61,179	-	61,179	132,766	-	132,766
Contributions of cash	262,378	3,205	265,583	113,334	2,429	115,763
Contributions of nonfinancial assets	57,890	-	57,890	4,480	-	4,480
Investment income (loss), net	77,589	-	77,589	(203,524)	-	(203,524)
Miscellaneous	35,886	-	35,886	23,823	-	23,823
Net assets released from restriction	116,063	(116,063)	-	33,505	(33,505)	-
TOTAL SUPPORT AND REVENUE	11,901,945	2,447,922	14,349,867	10,773,437	(31,076)	10,742,361
EXPENSES						
Program services	11,482,543	-	11,482,543	7,605,849	-	7,605,849
Supporting services:						
Management and general	1,632,237	-	1,632,237	1,237,532	-	1,237,532
Fundraising	230,274	-	230,274	254,035	-	254,035
TOTAL EXPENSES	13,345,054	-	13,345,054	9,097,416	-	9,097,416
CHANGE IN NET ASSETS	(1,443,109)	2,447,922	1,004,813	1,676,021	(31,076)	1,644,945
NET ASSETS - BEGINNING OF YEAR	7,011,326	522,431	7,533,757	5,335,305	553,507	5,888,812
NET ASSETS - END OF YEAR	\$ 5,568,217	\$ 2,970,353	\$ 8,538,570	\$ 7,011,326	\$ 522,431	\$ 7,533,757

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES					SUPPORTING SERVICES			
	THERAPEUTIC SERVICES	COMMUNITY SUPPORT SERVICES	HOUSING SERVICES	PROGRAM ENHANCEMENT SERVICES	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	TOTAL FUNCTIONAL EXPENSES
Salaries	\$ 973,647	\$ 4,010,701	\$ 775,065	\$ 188,612	\$ 5,948,025	\$ 882,332	\$ 115,168	\$ 997,500	\$ 6,945,525
Employee benefits	128,293	408,554	36,258	492	573,597	93,252	5,256	98,508	672,105
Payroll taxes	74,105	322,140	61,016	8,112	465,373	63,494	7,843	71,337	536,710
TOTAL PAYROLL AND RELATED EXPENSES	1,176,045	4,741,395	872,339	197,216	6,986,995	1,039,078	128,267	1,167,345	8,154,340
Conferences and meetings	27,623	267,465	12,346	9,179	316,613	19,489	903	20,392	337,005
Event expense	-	-	-	-	-	-	35,352	35,352	35,352
Assistance to individuals	1,890	363,080	13,044	-	378,014	4,600	-	4,600	382,614
Bad debt expense	54,443	-	42,712	-	97,155	-	-	-	97,155
Depreciation and amortization	-	-	94,169	-	94,169	24,864	-	24,864	119,033
Insurance	9,257	38,122	7,750	1,268	56,397	4,914	375	5,289	61,686
Interest	-	-	4,939	-	4,939	63,922	-	63,922	68,861
Miscellaneous	2,190	1,417	2,550	25	6,182	6,418	3,154	9,572	15,754
Occupancy	9,518	12,764	238,793	1,568	262,643	43,057	39	43,096	305,739
Office supplies	43,156	323,751	263,060	20,249	650,216	32,054	37,868	69,922	720,138
Printing	37,289	68,722	22,701	787	129,499	19,474	5,988	25,462	154,961
Professional	93,689	617,488	1,305,908	16,454	2,033,539	356,081	16,399	372,480	2,406,019
Telephone and internet	13,838	62,020	20,213	594	96,665	4,511	89	4,600	101,265
Travel	40,978	285,096	27,433	16,010	369,517	13,775	1,840	15,615	385,132
TOTAL FUNCTIONAL EXPENSES	\$ 1,509,916	\$ 6,781,320	\$ 2,927,957	\$ 263,350	\$ 11,482,543	\$ 1,632,237	\$ 230,274	\$ 1,862,511	\$ 13,345,054

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	THERAPEUTIC SERVICES	COMMUNITY SUPPORT SERVICES	HOUSING SERVICES	PROGRAM ENHANCEMENT SERVICES	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	
Salaries	\$ 545,942	\$ 2,607,733	\$ 669,693	\$ 14,271	\$ 3,837,639	\$ 733,688	\$ 138,554	\$ 872,242	\$ 4,709,881
Employee benefits	59,540	194,846	31,896	1,433	287,715	26,828	6,215	33,043	320,758
Payroll taxes	41,465	202,870	52,589	802	297,726	50,311	10,686	60,997	358,723
TOTAL PAYROLL AND RELATED EXPENSES	646,947	3,005,449	754,178	16,506	4,423,080	810,827	155,455	966,282	5,389,362
Conferences and meetings	23,086	147,832	2,105	-	173,023	39,574	13,118	52,692	225,715
Event expense	-	-	-	-	-	-	58,421	58,421	58,421
Assistance to individuals	400	115,137	7,668	-	123,205	10,410	-	10,410	133,615
Depreciation	-	-	55,308	-	55,308	27,748	-	27,748	83,056
Insurance	5,095	23,350	9,595	8	38,048	3,836	447	4,283	42,331
Interest	-	-	-	-	-	54,442	-	54,442	54,442
Miscellaneous	8,421	75,000	-	-	83,421	4,401	5,659	10,060	93,481
Occupancy	7,400	9,594	156,685	-	173,679	27,088	7	27,095	200,774
Office supplies	27,855	260,301	215,582	15	503,753	19,365	6,145	25,510	529,263
Printing	35,886	50,068	15,305	2	101,261	2,704	1,799	4,503	105,764
Professional	49,932	343,199	1,256,031	4,284	1,653,446	212,942	9,859	222,801	1,876,247
Telephone and internet	11,194	49,267	17,532	2	77,995	3,118	150	3,268	81,263
Travel	27,379	158,382	8,111	5,758	199,630	21,077	2,975	24,052	223,682
TOTAL FUNCTIONAL EXPENSES	\$ 843,595	\$ 4,237,579	\$ 2,498,100	\$ 26,575	\$ 7,605,849	\$ 1,237,532	\$ 254,035	\$ 1,491,567	\$ 9,097,416

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,004,813	\$ 1,644,945
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	117,060	83,056
Amortization of right-of-use assets	1,973	-
Bad debt expense	97,155	-
Realized and unrealized (gains) losses on investments	(77,589)	203,524
(Increase) decrease in:		
Grants receivable	(1,535,281)	(611,311)
Contributions receivable, net	36,795	37,571
Other contracts receivable	(133,798)	9,881
Prepaid expenses and other	(11,097)	21,328
Increase (decrease) in:		
Accounts payable	676,580	69,172
Accrued expenses	<u>165,241</u>	<u>(360,427)</u>
TOTAL ADJUSTMENTS	<u>(662,961)</u>	<u>(547,206)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>341,852</u>	<u>1,097,739</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,256,686)	(1,732,046)
Payments on finance leases	(21,084)	-
Purchases of investments	(1,097,989)	(850,491)
Sale of investments	<u>2,528,649</u>	<u>1,450,000</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>152,890</u>	<u>(1,132,537)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	<u>(80,605)</u>	<u>(63,948)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(80,605)</u>	<u>(63,948)</u>
INCREASE (DECREASE) IN CASH	414,137	(98,746)
CASH - BEGINNING OF YEAR	<u>326,117</u>	<u>424,863</u>
CASH - END OF YEAR	<u>\$ 740,254</u>	<u>\$ 326,117</u>

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Tennessee Voices for Children, Inc. (d/b/a TN Voices) (“TNV” or the “Agency”) is a statewide advocacy agency for families whose children have emotional, behavioral and/or mental health issues. Its mission is to be the collaborative leader guiding mental health transformation and vision is to build hope for all generations. TNV takes an active role in the development of family-friendly policies and encourages and supports family involvement on advisory boards such as the statewide Mental Health Planning Council, Behavioral Health Organizations, advisory councils, and community planning groups. Funding for TNV’s services is provided principally by federal and state grants and certain contract revenues.

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets of TNV on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Resources are classified as net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Agency’s management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There are no donor restrictions that are perpetual in nature.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

Revenue Recognition

Revenues are recognized when control of services is transferred to customers, in an amount that reflects the consideration the Agency expects to be entitled to in exchange for those products and services. The Agency does not have any significant financing components as payment is expected shortly after products or services are transferred to customers. Additionally, there is no variable consideration. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

For performance obligations related to services, control transfers to the customer at a point in time. Total revenue recorded based on performance obligations satisfied at a point in time was \$2,448,547 and \$2,116,658 for the years ended June 30, 2023 and 2022, respectively.

Contributions and Support

TNV receives grant revenues from various federal, state and local agencies. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant. Grant funds received prior to expenditure are recorded initially as deferred revenue. At June 30, 2023, the Agency had remaining available award balances on federal and state conditional grants and contracts of approximately \$12,850,000 that have not been recognized as revenue because qualifying expenditures have not yet been incurred.

A contribution is conditional if an agreement includes a barrier that must be overcome and either a right to return of assets transferred or a right of release of a promisor's obligation to transfer assets exist. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

TNV reports any gifts of property, equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Contributions Receivable

Unconditional contributions receivable that are expected to be collected within one year are recorded at their net realizable values. Unconditional contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is recognized on the interest method over the term of the gift and included in contributions receivable.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Receivables

Contract receivables relate to fee-for-service contracts and are reported at their gross contract amount less any applicable payments or adjustments. For the year ended June 30, 2023, accounts receivable related to these service contracts were \$277,475 at the beginning of the year and \$310,131 at the end of the year. For the year ended June 30, 2022, accounts receivable related to these service contracts were \$275,865 at the beginning of the year and \$277,475 at the end of the year.

Contributed Nonfinancial Assets

The Agency records support and expenses for contributed services that require specialized skills and would be purchased if not provided by the donor, at the estimated fair value of the services received. Contributed nonfinancial assets did not have donor-imposed restrictions.

Allowance for Uncollectible Accounts

An allowance for uncollectible receivables is not provided in the financial statements based on management's assessment of specific accounts and historical collection experience.

Cash

Cash consists principally of checking account balances.

Investments

Investments consist of money market funds and mutual funds. Money market funds and mutual funds are carried at their quoted market value on the last business day of the reporting period. Changes in unrealized gains and losses are recognized currently in the Statement of Activities for the year.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains and losses are reflected in the Statements of Activities.

Property, Building and Equipment

Property, building and equipment are reported at cost at the date of purchase or at estimated fair value at the date of gift to TNV. TNV's policy is to capitalize expenditures with a cost of \$5,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows: five to seven years for furniture and equipment and fifteen to forty years for the building and improvements.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

TNV classifies its investments based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments - Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid securities and certain other products, such as money market funds and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity, or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

There have been no changes in the valuation methodologies used at June 30, 2023 and 2022.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while TNV believes its valuation methods are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Leases

TNV made an accounting election available under Topic 842 not to recognize right-of-use ("ROU") assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, TNV used the discount rate implicit in the lease agreement, if readily determinable. For leases in which the rate implicit in the lease agreement is not readily determinable, TNV made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services - Consists of Therapeutic Services, Community Support Services, Housing Services and Program Enhancement Services.

Therapeutic Services - Brief descriptions of the Agency's programs included under Therapeutic Services are as follows:

Juvenile Justice Reform ("JJR") - a collaborative effort (to divert families from further court and DCS involvement) between TNV, the Mental Health and Substance Abuse Department, and the Montgomery, Robertson and Sumner county Juvenile Courts. The JJR program is a strength-based and family-driven program that supports children, youth and families involved in the Juvenile Justice system. In the JJR program, a Family Support Provider and Youth and Family Therapist meets weekly with both youth and parents to help them identify strength-based goals that address issues that may be contributing to the youth's court involvement.

Intensive In-Home Family Preservation Services ("Family Connection") - provides families the tools they need to maintain children and youth with complex needs at home, in school and in the community. The program is family-driven, providing assistance in navigating the child-serving systems, advocacy, support and therapeutic skill-building to prevent placement outside the home to a higher level of care. Program staff ensures that caregivers are an integral part of the intervention at all stages.

Community Support Services - Brief descriptions of the Agency's programs included under Community Support Services are as follows:

Statewide Family Support Network ("SFSN") - provides valuable support, information and training to parents and caregivers across the state, empowering them to successfully "navigate" the complex child-serving systems to obtain the services necessary for their children and youth with emotional and behavioral disorders. SFSN staff provides direct assistance, support groups, information and skill-based training, family representation on over 145 councils and coalitions, Youth in Action Council facilitation and outreach to schools, mental health providers and policy-makers in Tennessee.

Early Childhood Programs - provides on-site consultation and training to parents and staff associated with childcare and Head Start programs throughout Tennessee. Program staff is also involved in state and national research to identify effective strategies for working with young children with challenging behaviors.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Program Services: Community Support Services (Continued)

Survivor Connection - provides high quality intensive in-home services that directly improve the health and well-being of victims of crime with priority given to victims of child abuse, domestic violence, sexual assault and services for underserved victims. TNV intends to respond to the emotional and physical needs of crime victims, assist to stabilize their lives after victimization, assist victims in understanding and participating in the criminal justice system and provide victims of crime with a measure of safety and security. A wraparound team provides support and teaches families to advocate for themselves and utilize both formal and informal supports in the community.

System of Care Across Tennessee - in partnership with the Tennessee Department of Mental Health and Substance Abuse Services, the Tennessee Commission on Children and Youth and Centerstone Research Institute, TNV provides high-fidelity wraparound services to children, youth, young adults (0-21) and their families in Clay County, Cocke County and Decatur County. These services are designed to support those with the highest level of behavioral health need. Each county employs a Family Support Specialist and a Care Coordinator who work as a team with enrolled youth and families driving the services they receive.

Housing Services - Brief descriptions of the Agency's programs included under Housing Services are as follows:

Intensive Long-Term Support ("ILS") - provides intensive long-term, wrap-around support services that are community-based and long-term recovery oriented. Onsite services include psychiatric, nursing, case management and treatment services, as well as living skills development and community activity participation. ILS provides a supported living environment with services mentioned above, designed to allow discharge of service recipients from Middle Tennessee Mental Health Institute.

Program Enhancement Services - Includes programs that contribute to the overall mission of the Agency.

Supporting Services

Management and General - relates to the overall direction of the organization. These expenses are not identifiable with a particular program or with fundraising but are indispensable to the conduct of those activities and are essential to the organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the creation and distribution of fundraising materials.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

The expenses that are allocated include salaries and related expenses, assistance to individuals, bade debt expense, depreciation and amortization, conferences and meetings, insurance, miscellaneous, occupancy, office supplies, printing, professional, telephone, interest expense and internet and travel, which are allocated on the basis of estimates of time and effort. Accordingly, expenses have been allocated among the program activities consisting of the Agency's grant program and related supervisory and advisory services and supporting services consisting of the Agency's management and general and fundraising functions. Functional expenses may be direct or indirect.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

TNV qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

TNV files a U.S. Federal Form 990 for organizations exempt from income tax.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing TNV's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their Statements of Financial Position as a ROU asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosures of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the Statements of Activities. TNV adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, TNV applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with TNV historical accounting treatment under ASC Topic 840, *Leases*.

TNV elected the “package of practical expedients” under the transition guidance within Topic 842, in which TNV does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases.

TNV has not elected to adopt the “hindsight” practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

TNV determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) TNV obtains substantially all the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. TNV also considers whether its service arrangements include the right to contract the use of an asset.

TNV did not have any leases as of July 1, 2022; therefore, no adjustment was needed to adopt Topic 842 on July 1, 2022.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year's presentation. Such reclassifications had no effect on the activities or changes in net assets as previously reported.

Events Occurring After Reporting Date

The Agency has evaluated events and transactions that occurred between June 30, 2023 and December 21, 2023, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statements of Financial Position, comprise the following as of June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 740,254	\$ 326,117
Investments	586,870	1,939,941
Grants receivable	3,419,131	1,883,850
Other contracts receivable	312,613	275,970
Less: assets restricted by donor for purpose restrictions	<u>(36,487)</u>	<u>(16,717)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,022,381</u>	<u>\$ 4,409,161</u>

As part of the liquidity management plan, the Agency invests cash in excess of normal requirements in short-term investments and money market funds.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Grants receivable represent concentrations of credit risk to the extent the grants are receivable from concentrated sources. The Agency receives approximately 82% of its funding from federal, state and local grants and contracts.

The Agency maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. At times, the Agency's deposits at financial institutions may exceed federally insured limits. The Agency has not experienced any losses in such accounts and management considers this to be a normal business risk.

Certain cash and securities held in broker/dealer accounts are insured by the Securities Investor Protection Corporation ("SIPC"), up to \$500,000 per broker/dealer (including a maximum of \$250,000 for cash claims), in certain circumstances such as fraud or failure of the institution. The SIPC does not insure against market risk.

NOTE 4 - INVESTMENTS

Investments consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 64,694	\$ 765,311
Mutual funds	<u>522,176</u>	<u>1,174,630</u>
	<u>\$ 586,870</u>	<u>\$ 1,939,941</u>

NOTE 5 - GRANTS RECEIVABLE

Grants receivable consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
State of Tennessee Department of Mental Health	\$ 3,215,762	\$ 1,655,458
State of Tennessee Department of Children's Services	104,422	109,920
Others	<u>98,947</u>	<u>118,472</u>
	<u>\$ 3,419,131</u>	<u>\$ 1,883,850</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 6 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 40,000	\$ 40,000
Receivable in one to five years	160,000	160,000
Receivable in greater than five years	<u>400,000</u>	<u>440,000</u>
Total unconditional promises to give	600,000	640,000
Less: discount to net present value	<u>(131,081)</u>	<u>(134,286)</u>
Contributions receivable	<u><u>\$ 468,919</u></u>	<u><u>\$ 505,714</u></u>

NOTE 7 - PROPERTY, BUILDING AND EQUIPMENT

Property, building and equipment consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,209,553	\$ 1,074,553
Building and improvements	3,458,422	3,078,440
Furniture and equipment	235,448	216,718
Construction in progress	<u>1,227,274</u>	<u>-</u>
	6,130,697	4,369,711
Less: accumulated depreciation	<u>(353,702)</u>	<u>(236,642)</u>
	<u><u>\$ 5,776,995</u></u>	<u><u>\$ 4,133,069</u></u>

Construction in progress at June 30, 2023 relates to the purchase and renovations of three properties. The renovations are expected to be completed between January 2024 to March 2024, with total cost to complete of approximately \$460,000.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 7 - PROPERTY, BUILDING AND EQUIPMENT (CONTINUED)

The Agency has acquired certain properties for use in its therapeutic program through grants from State of Tennessee. The agreements call for the Agency to operate these programs in accordance with the grant agreement for a period of 20 years or the grant must be repaid. As of June 30, 2023, the Agency has three properties subject to these operating provisions. Associated potential repayment costs of \$2,560,780 would be applicable only if the programs are not operated in accordance with the grant agreements. Due to the nature of the agreements and related provisions, the potential repayment is remote; therefore, no liability is recognized in connection with the agreements. The Agency recognizes the restriction as a donor restriction that is released over the 20 year period.

NOTE 8 - FAIR VALUE MEASUREMENTS

The following table sets forth TNV's major categories of assets measured at fair value on a recurring basis, by level, within the fair value hierarchy, as of June 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2023</u>				
Investments:				
Money Market Funds	\$ 64,694	\$ -	\$ -	\$ 64,694
Mutual Funds:				
Bond Fund	41,721	-	-	41,721
Money Market Funds	47,862	-	-	47,862
Growth and Income Fund	189,780	-	-	189,780
Growth Fund	126,185	-	-	126,185
Balance Fund	<u>116,628</u>	<u>-</u>	<u>-</u>	<u>116,628</u>
Total investments at fair value	<u>\$ 586,870</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 586,870</u>
<u>2022</u>				
Investments:				
Money Market Funds	\$ 765,311	\$ -	\$ -	\$ 765,311
Mutual Funds:				
Bond Fund	402,270	-	-	402,270
Growth and Income Fund	318,194	-	-	318,194
Growth Fund	107,934	-	-	107,934
Balance Fund	<u>346,232</u>	<u>-</u>	<u>-</u>	<u>346,232</u>
Total investments at fair value	<u>\$ 1,939,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,939,941</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 9 - OBLIGATION UNDER LINE OF CREDIT

On June 26, 2023, TNV entered into a credit agreement with a financial institution for a line of credit in the amount of \$700,000 that matures on June 26, 2024. On November 1, 2023 the line of credit was increased to \$1,200,000 with an extended maturity of November 1, 2024. Interest accrues monthly on the outstanding principal at the U.S. Prime Rate based on a 360-day year (8.25% at June 30, 2023). As of June 30, 2023, there have been no draws on the line of credit. The credit obligation is cross-collateralized by three properties owned by the Agency which have a combined carrying value of \$1,967,799.

NOTE 10 - NOTES PAYABLE

Notes payable consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Term mortgage note with bank, payable in monthly installments of \$6,528, including interest at 4.4% through February 2026, with any unpaid principal due March 30, 2026; secured by property with carrying value of \$1,032,642 at June 30, 2023	\$ 960,346	\$ 992,884
Term mortgage note with bank, payable in monthly installments of \$3,209, including interest at 5.87% through September 2027, with any unpaid principal due September 24, 2027; secured by property with carrying value of \$508,239 at June 30, 2023	496,307	-
Term mortgage note with bank, payable in monthly installments of \$2,601, including interest at 4% through April 2026; secured by property with carrying value of \$426,918 at June 30, 2023	85,317	115,583
Term automobile note with creditor, payable in monthly installments of \$850, including interest at 3.19% through August 2026; secured by property with carrying value of \$31,813 at June 30, 2023	<u>28,639</u>	<u>38,447</u>
	<u>\$ 1,570,609</u>	<u>\$ 1,146,914</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 10 - NOTES PAYABLE (CONTINUED)

Annual principal installments payments of notes payable as of June 30, 2023 follow:

Years ending June 30,

2024	\$ 83,287
2025	86,981
2026	931,944
2027	13,725
2028	<u>454,672</u>
	<u>\$ 1,570,609</u>

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Time restrictions - contributions receivable	\$ 468,919	\$ 505,714
Purpose restrictions:		
Operating provisions for land, building, and improvements	2,464,947	-
Counseling program	<u>36,487</u>	<u>16,717</u>
	<u>\$ 2,970,353</u>	<u>\$ 522,431</u>

NOTE 12 - LEASES

TNV has vehicle leases that are under finance leases. The leases expire in May 2026. The components of lease expense are as follows for the year ended June 30, 2023:

Finance lease cost - amortization of right-of-use assets	\$ 1,973
Finance lease cost - interest on lease liabilities	<u>339</u>
Total lease cost	<u>\$ 2,312</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 12 - LEASES (CONTINUED)

Additional information related to leases is as follows as of June 30, 2023:

Finance leases:

Equipment	\$ 118,355
Accumulated amortization	<u>(1,973)</u>
Finance leases, right-of-use assets, net	<u>\$ 116,382</u>

Finance lease liabilities, current	\$ 17,080
Finance lease liabilities, noncurrent	<u>80,191</u>
Total finance lease liabilities	<u>\$ 97,271</u>

Weighted-average remaining lease term, finance leases 2.90 years

Weighted-average discount rate, finance leases 4.21%

Future undiscounted cash flows and a reconciliation to the lease liabilities recognized on the Statements of Financial Position are as follows as of June 30, 2023:

	Finance Leases
<u>Years ending June 30,</u>	
2024	\$ 17,080
2025	17,080
2026	<u>70,725</u>
Total lease payments	104,885
Less: imputed interest	<u>(7,614)</u>
Total present value of lease liabilities	<u>\$ 97,271</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 13 - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, contributed nonfinancial assets recognized within the Statements of Activities included:

	<u>Revenue Recognized</u>		<u>Utilization in</u>	<u>Donor</u>	<u>Valuation Techniques and Inputs</u>
	<u>2023</u>	<u>2022</u>	<u>Programs/Activities</u>	<u>Restrictions</u>	
Professional services	\$ 43,890	\$ -	Community Support Services	None	Fair value is estimated on the basis of comparable professional services that would be received in the U.S.
Event advertising	12,500	4,480	Fundraising	None	Fair value is estimated on the basis of the value that would be received for similar products or services in the U.S.
Office space	<u>1,500</u>	<u>-</u>	Community Support Services	None	Fair value is estimated on the basis of the value that would be received for similar office space in the U.S.
	<u>\$ 57,890</u>	<u>\$ 4,480</u>			

NOTE 14 - SUPPLEMENTAL CASH FLOWS DISCLOSURES

	<u>2023</u>	<u>2022</u>
CASH PAID FOR		
Interest	<u>\$ 68,861</u>	<u>\$ 54,442</u>
NON-CASH TRANSACTIONS		
Property and equipment purchased through issuance of notes payable	<u>\$ 504,300</u>	<u>\$ 47,077</u>
Right-of-use assets obtained in exchange for new finance lease liabilities	<u>\$ 118,355</u>	<u>\$ -</u>

NOTE 15 - RISKS AND CONTINGENCIES

The Agency has received various government grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for potential reimbursements to grantors.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 16 - EMPLOYEE BENEFIT PLAN

TNV sponsors the Tennessee Voices for Children 403(b) Plan (the “Plan”) under Section 403(b) of the Internal Revenue Code established on January 1, 2009. All employees are eligible to make elective deferrals on the first of the month following their date of hire. Upon completion of one month of service, employees become eligible for matching and nonelective contributions.

TNV may make discretionary matching and nonelective contributions to the Plan. TNV’s discretionary match was 2% from July 1, 2020 through September 30, 2021, 3% from October 1, 2021 through December 31, 2021, and 4% from January 1, 2022 through June 30, 2023. Total contributions amounted to \$108,763 and \$56,116 for the years ended June 30, 2023 and 2022, respectively.

NOTE 17 - SUBSEQUENT EVENT

On July 7, 2023, the Agency purchased property in Goodlettsville, Tennessee to be used for the therapeutic services program as part of an infrastructure grant from the State of Tennessee. The Agency drew \$575,000 on the line of credit to finance the purchase. The Agency expects to be reimbursed by the grantor for the purchase. The property has a donor restriction to use the building in accordance with the grant agreement for 20 years.

ADDITIONAL INFORMATION

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

Grant Description	Assistance Listing Number (ALN)	Grant Number	Grant Period	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
DIRECT				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	H79SM083924	04/30/21 - 04/29/24	\$ 93,386
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	H79SM084332	12/31/22 - 12/30/24	53,828
TOTAL DIRECT				147,214
PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH				
Temporary Assistance for Needy Families	93.558	*	74495 07/01/22 - 06/30/23	713,258
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	*	71973 02/01/21 - 09/29/22	454,217
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	*	75900 09/30/22 - 09/29/23	1,100,799
Block Grants for Community Mental Health Services	93.958		70052 07/01/21 - 06/30/24	197,960
Block Grants for Community Mental Health Services	93.958		74359 07/01/22 - 06/30/23	135,723
Block Grants for Community Mental Health Services	93.958		74686 07/01/22 - 06/30/23	264,234
Block Grants for Community Mental Health Services	93.958		70055 07/01/22 - 06/30/23	1,125,246
Block Grants for Community Mental Health Services	93.958		74385 07/01/22 - 06/30/23	241,352
Block Grants for Community Mental Health Services	93.958		74577 07/01/22 - 06/30/25	45,765
Block Grants for Community Mental Health Services	93.958		71196 07/15/21 - 03/14/23	383,144
Block Grants for Community Mental Health Services	COVID - 93.958		77421 03/01/23 - 06/30/25	150,218
Block Grants for Prevention and Treatment of Substance Abuse	93.959		74156 07/01/22 - 06/30/23	99,000
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		73583 03/31/22 - 03/30/23	244,456
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		77587 03/31/23 - 03/30/24	41,376
TOTAL PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH				5,196,748
PASSED THROUGH TENNESSEE STATE UNIVERSITY				
Child Care and Development Block Grant	93.575	None	10/01/22 - 09/30/23	32,148
PASSED THROUGH FAMILY AND CHILDREN'S SERVICES				
Temporary Assistance for Needy Families	93.558	*	None 11/01/22 - 10/31/23	136,613
PASSED THROUGH UNITED WAY OF GREATER NASHVILLE				
Temporary Assistance for Needy Families	93.558	*	None 06/01/23 - 09/30/23	21,350
PASSED THROUGH FIRST TENNESSEE DEVELOPMENT DISTRICT				
Temporary Assistance for Needy Families	93.558	*	256123 11/01/22 - 10/31/25	219
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				5,534,292
U.S. OFFICE FOR VICTIMS OF CRIME				
PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION				
VOCA Serving Youth and Young Adults with Trauma - Survivor Connection	16.575	47810	07/01/22 - 06/30/25	192,247
TOTAL U.S. OFFICE FOR VICTIMS OF CRIME				192,247
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES				
Child Abuse Prevention	93.590	74501	07/01/22 - 06/30/25	18,592
Child Abuse Prevention	93.590	76327	11/01/22 - 09/30/25	25,000
Child Abuse Prevention	93.590	76328	11/01/22 - 09/30/25	24,484
Child Abuse Prevention	93.590	76324	11/01/22 - 09/30/25	25,000
Child Abuse Prevention	93.590	76329	11/01/22 - 09/30/25	21,546
Child Abuse Prevention	93.590	76333	11/01/22 - 09/30/25	20,548
Child Abuse Prevention	93.590	76321	11/01/22 - 09/30/25	21,108
Child Abuse Prevention	93.590	74493	07/01/22 - 06/30/25	15,446
Child Abuse Prevention	93.590	74500	07/01/22 - 06/30/25	20,476
Child Abuse Prevention	93.590	74502	07/01/22 - 06/30/25	13,961
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				206,161
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 5,932,700

* Considered a major program under Title 2 U.S. Code of Federal Regulations (CFR) Part 200

<u>Summary of Expenditures by ALN</u>	
16.575	192,247
93.104	1,555,016
93.243	433,046
93.575	32,148
93.558	871,440
93.958	2,543,642
93.959	99,000
93.590	206,161

\$ 5,932,700

See Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards on page 28.

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

<u>Grant Description</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Expenditures</u>
STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH			
Family Support and Advocacy	74511	07/01/22 - 06/30/23	478,383
School and Communities Youth Screen Program	74359	07/01/22 - 06/30/23	239,011
Tennessee Resiliency Project	73352	02/15/22 - 06/30/24	2,090,779
Juvenile Justice Reform Local Diversion Grant	74637	07/01/22 - 06/30/25	547,757
Intensive Long-Term Support - East TN	70055	07/01/21 - 06/30/23	631,486
Tennessee Move Initiative	74490	07/01/22 - 06/30/23	490,682
Intensive Long Term Support - West TN	74385	07/01/22 - 06/30/23	198,810
Inpatient Targeted Transitional Support	74684	07/01/22 - 06/30/23	241,316
One-Time Infrastructure Grant	79403	05/01/23 - 06/30/24	392,635
BHSN (Adult)	74143	07/01/22 - 06/30/25	15,950
BHSN (Children and Outreach Coordinator)	74117	07/01/22 - 06/30/23	102,939
Family Support Providers in Juvenile Courts	70034	07/01/22 - 06/30/23	42,146
TOTAL STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH			<u>5,471,894</u>
STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES			
Child Abuse Prevention	74501	07/01/22 - 06/30/25	26,754
Child Abuse Prevention	74493	07/01/22 - 06/30/25	22,226
Child Abuse Prevention	74500	07/01/22 - 06/30/25	29,466
Child Abuse Prevention	74502	07/01/22 - 06/30/25	20,091
Assessments	None	07/01/22 - 06/30/23	50,272
Intensive In-Home Family Preservation Services	56224	07/01/18 - 06/30/23	309,663
TOTAL STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES			<u>458,472</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 5,930,366</u>

See Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards on page 28.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards (the “Schedules”) include the federal and state grant activity, respectively, of the Agency and are presented on the accrual basis of accounting. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The information in the Schedule of Expenditures of State awards is presented in accordance with the requirements of the State of Tennessee Audit Manual. Because the Schedules present only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Agency.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - SUBRECIPIENTS

The Agency does not pass any federal awards through to subrecipients.

OTHER REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Tennessee Voices for Children, Inc.
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of Tennessee Voices for Children, Inc. ("TNV"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered TNV's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TNV's internal control. Accordingly, we do not express an opinion on the effectiveness of TNV's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether TNV's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kraft CPAs PLLC

Nashville, Tennessee
December 21, 2023

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Tennessee Voices for Children, Inc.
Nashville, Tennessee

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Tennessee Voices for Children, Inc.’s (“TNV”) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of TNV’s major federal programs for the year ended June 30, 2023. TNV’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, TNV complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of TNV and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of TNV’s compliance with the compliance requirements referred to above.

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the TNV's federal programs.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on TNV's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about TNV's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding TNV's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of TNV's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of TNV's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kraft+CPAs PLLC

Nashville, Tennessee
December 21, 2023

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of report auditor issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes x no

Identification of major programs:

<i>ALN Number(s)</i>	<i>Name of Federal Program or Cluster</i>
93.104	Comprehensive Community Mental Health Services for Children with SED
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

Section II - Financial Statement Findings

There were no audit findings in the prior or current year.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs in the prior or current year.